Trade-related soft infrastructure for sustainable economic corridor development and related ESCAP work
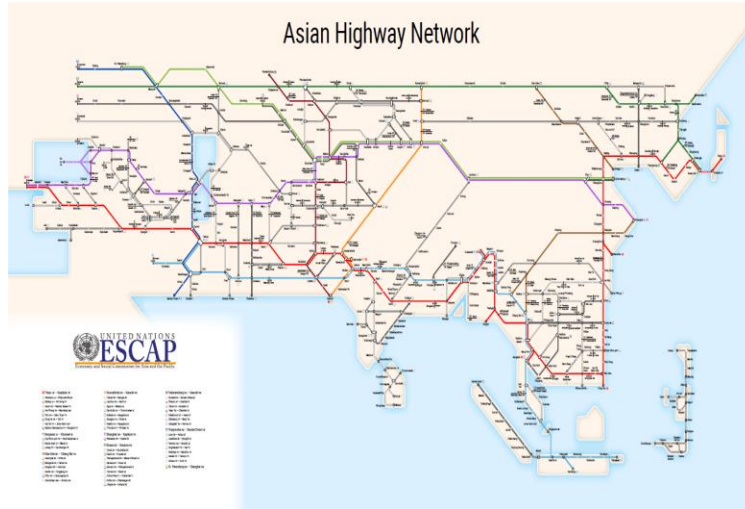
Mr. Yann Duval

Chief, Trade Policy and Facilitation
Trade, Investment and Innovation Division
United Nations Economic and Social Commission for Asia and the Pacific (ESCAP)
duvaly@un.org

ESCAP Transport Infrastructure Agreements

Asian Highway Network

- Intergovernmental Agreement on Asian Highway network
- Entered into force in July 2005
- 30 Parties
- Working Group on the Asian Highway

Trans-Asian Railway Network
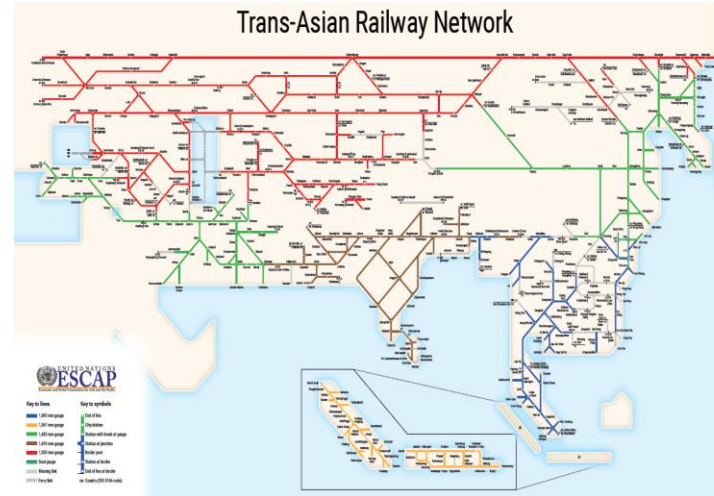
- Intergovernmental Agreement on Trans-Asian Railway network
- Entered into force in June 2009
- 21 Parties
- Working Group on the Trans-Asian Railway Network

Dry Ports
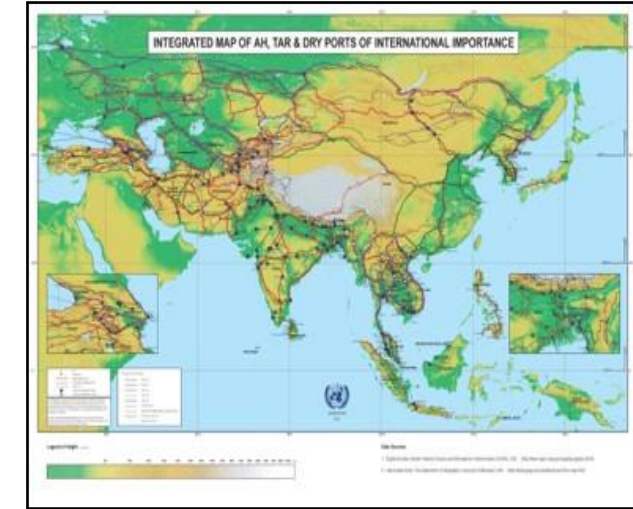
- Intergovernmental Agreement on Dry Ports
- Entered into force in April 2016
- 17 Parties
- Working Party on Dry Ports

Bala Ramasamy

Matthew Yeung

Chorthip Utoktham

Yann Duval

ASIA-PACIFIC RESEARCH AND TRAINING NETWORK ON TRADE

Working Paper

NO. 172, 2017

Figure 4. Effect of infrastructure improvements on exports in a low/high trade facilitation environment
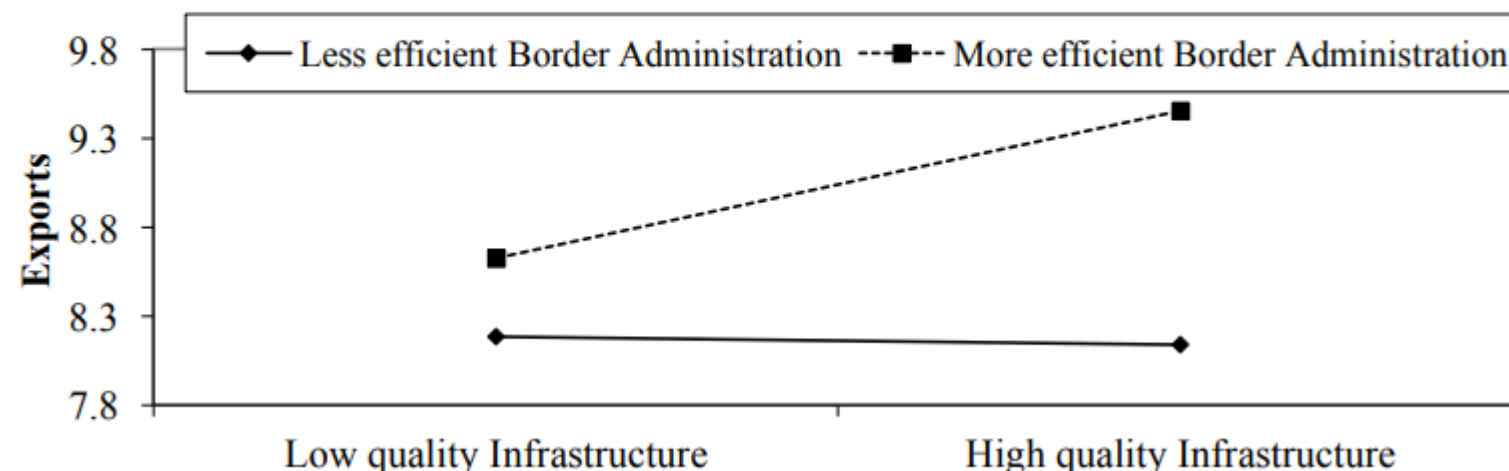
Figure 5. Effect of trade facilitation improvements on exports in a low/high quality infrastructure environment

Main finding: **Hard infrastructure unlikely to boost export unless the SOFT INFRASTRUCTURE is in place**
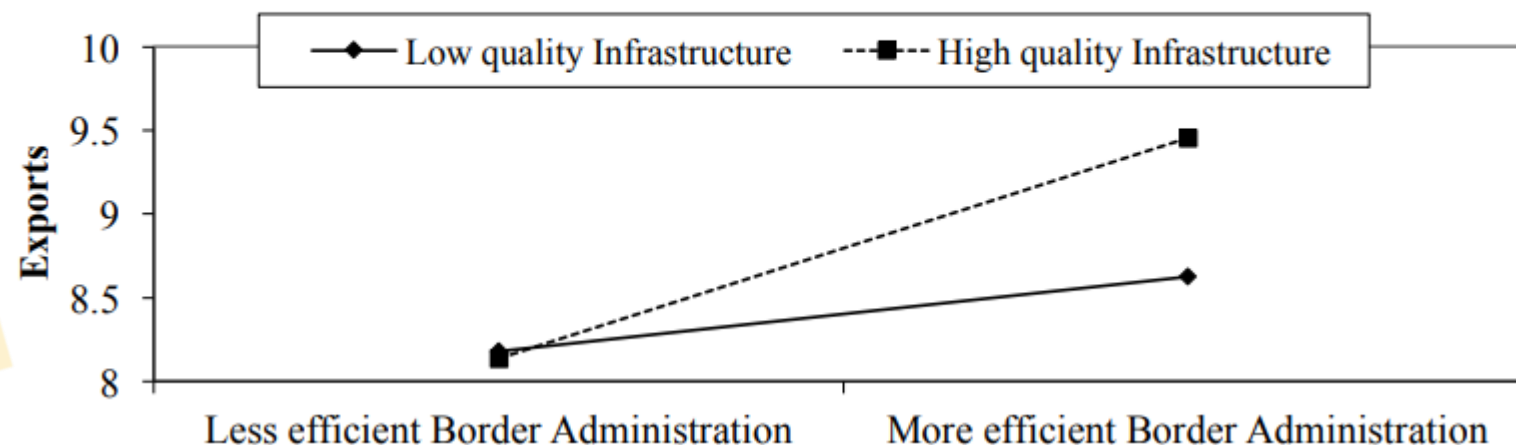
Soft infrastructure elements

- **Ease of doing business / investment**

- **Trade facilitation: simpler/transparent procedures (at borders and along the economic corridor)**
  - Including transit transport agreements
- **Trade policy: tariffs, non-tariff measures (NTMs)**

- **Sustainable development related policies and regulations (including enforcement)**

UN Digital and Sustainable Trade Facilitation Survey 2023

UN Global Survey on Digital and Sustainable Trade Facilitation

HOME | GLOBAL DATA ▾ | REGIONAL DATA ▾ | ECONOMY DATA ▾ | COMPARE ▾ | ABOUT | REPORTS

Trade Facilitation & Paperless Trade

Visualize & compare implementation of measures across regions and economies

GET STARTED

UNTFSURVEY.ORG IS A JOINT INITIATIVE OF THE UN REGIONAL COMMISSIONS

Interactive visualization of Trade Facilitation & Paperless Trade data

- **60 WTO TFA++ measures;**

- **161 countries;**

- **Data from 2015 to 2023**

- **Joint effort of UN ESCAP, ECA, ECE, ECLAC, ESCWA and UNCTAD**

1

General: WTO TFA-related measures

+

2

Digital TF: paperless trade & cross-border paperless trade

+

3

Sustainable TF: for SMEs, Agriculture, and women

+

4

Other TF: Including trade facilitation during crisis and pandemic, transit etc.

UNTFSURVEY.ORG

Asia-Pacific (47 countries) TF implementation rate: 67%

- **Wide ranging performance across countries**
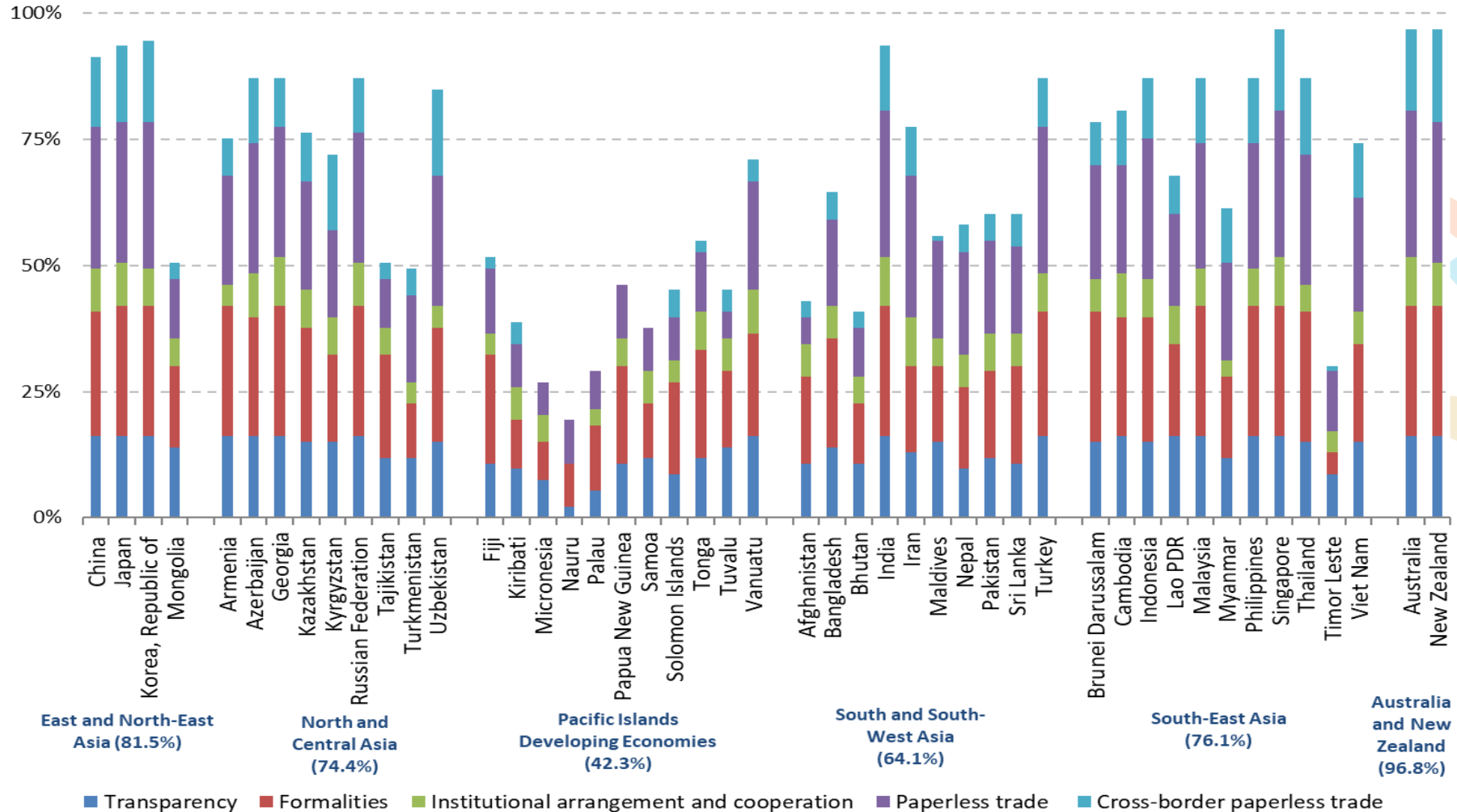
Source: UN Global Survey on Digital and Sustainable Trade Facilitation (2023)

UNTFSURVEY.ORG

Progress across Asia-Pacific subregions

- **All developing subregions have improved since 2021**
- **Most progress observed in North and Central Asia**
- **LLDCs catching up to the regional average**
  - Some world-class TF performers, e.g. Azerbaijan
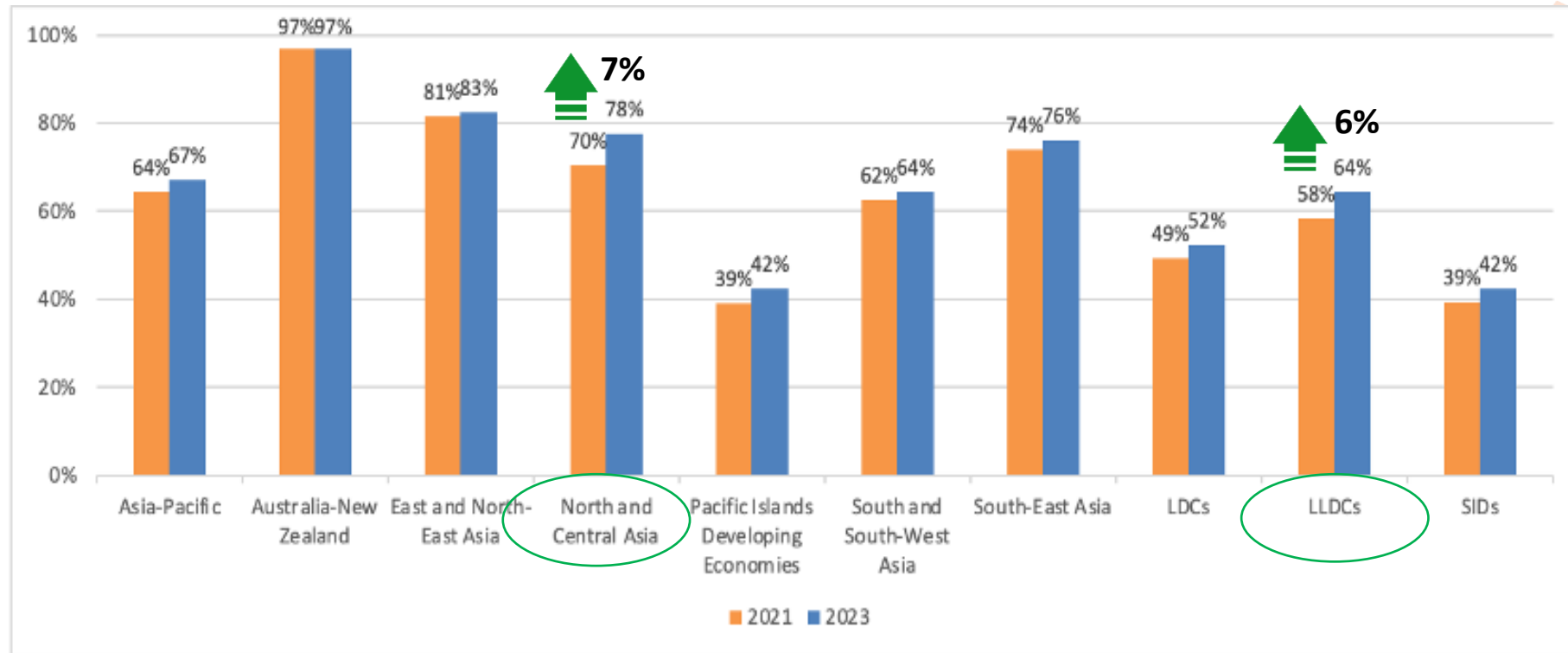
Source: UN Global Survey on Digital and Sustainable Trade Facilitation (2023)

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Implementation of different TF Measures in Asia-Pacific Region (2021-2023)

- **Small improvements across all groups**
- **Cross-border paperless trade and TF measures for SMEs lagging, including in terms of trade finance facilitation, also true for LLDCs**
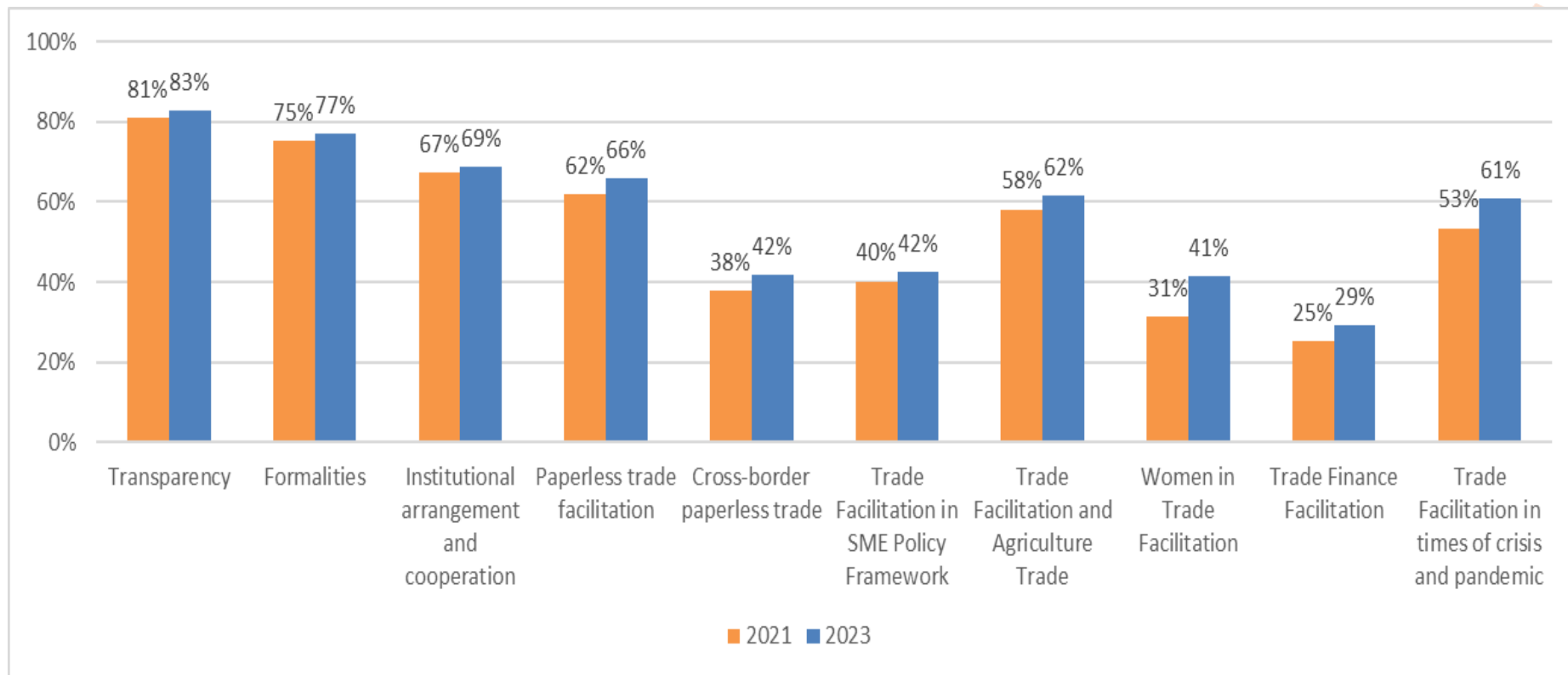
Source: UN Global Survey on Digital and Sustainable Trade Facilitation (2023)

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Significant room to cut trade costs through cross-border paperless trade / trade digitalization

Changes in trade costs in Asia and the Pacific resulting from implementation of trade facilitation and paperless trade (per cent)

Asia-Pacific: Trade costs model	WTO TFA (binding only)		WTO TFA (binding + non-binding)		WTO TFA + (binding + non-binding + other paperless and cross-border paperless trade)	
	Partially implemented	Fully implemented	Partially implemented	Fully implemented	Partially implemented	Fully implemented
Model 1						
Overall trade facilitation	-1.74	-4.11	-2.81	-6.64	-7.65	-13.40
Model 2						
General trade facilitation measures	-0.56	-1.36	-0.73	-1.91	-0.92	-2.18
Digital trade facilitation measures			-1.56	-2.80	-8.78	-13.09

Source: ADB/ESCAP, 2021, Asia-Pacific Trade Facilitation Report 2021.

ESCAP support to Digital TF: The Framework Agreement on the Facilitation of Cross-Border Paperless Trade in Asia and the Pacific (CPTA)

❑ **A UN Treaty: enabling and action-oriented**
  ✓ Open to interested (53) ESCAP member states to become parties
  ✓ **Entered into force in 2021**
❑ **Objective**

  ✓ To <u>facilitate</u> cross-border paperless trade (data exchange) among willing ESCAP member states by providing a dedicated intergovernmental framework to develop legal and technical solutions

  ✓ Complementary to the WTO Trade Facilitation Agreement (TFA) as well as (sub)regional efforts

https://www.unescap.org/kp/cpta

The Framework Agreement on the Facilitation of Cross-Border Paperless Trade in Asia and the Pacific (CPTA)

100% growth in number of parties in 2022 (YoY)

More countries expected to join in 2023/24

Work on-going on model protocols for data exchange and identification of pilot projects

Next session of the Paperless Trade Council: June 2024

Participant	Signature	Ratification, Acceptance(A), Approval(AA), Accession(a)
Armenia	22 Sep 2017	
Azerbaijan		2 Mar 2018 a
Bangladesh	29 Aug 2017	13 Oct 2020
Cambodia	29 Aug 2017	
China	29 Aug 2017	22 Nov 2020 AA
Iran (Islamic Republic of)	29 Sep 2017	29 May 2020
Mongolia		27 Jul 2022 a
Philippines		23 Dec 2019 a
Republic of Korea		28 Nov 2022 a
Russian Federation		18 Aug 2023 a
Tajikistan		8 Dec 2022 a
Timor-Leste		5 Apr 2022 a
Turkmenistan		4 May 2022 a
Tuvalu		8 Dec 2022 a

https://treaties.un.org/Pages/ViewDetails.aspx?src=TREATY&mtdsg_no=X-20&chapter=10&clang=_en#EndDec

Beyond trade facilitation, the broader trade policy environment also matters for ECD success

Asia-Pacific participation in WTO

- **Most countries already member of the World Trade Organization (WTO)**

- **Accession process on-going for:**
  - Azerbaijan
  - Bhutan
  - Timor-Leste
  - Turkmenistan
  - Uzbekistan
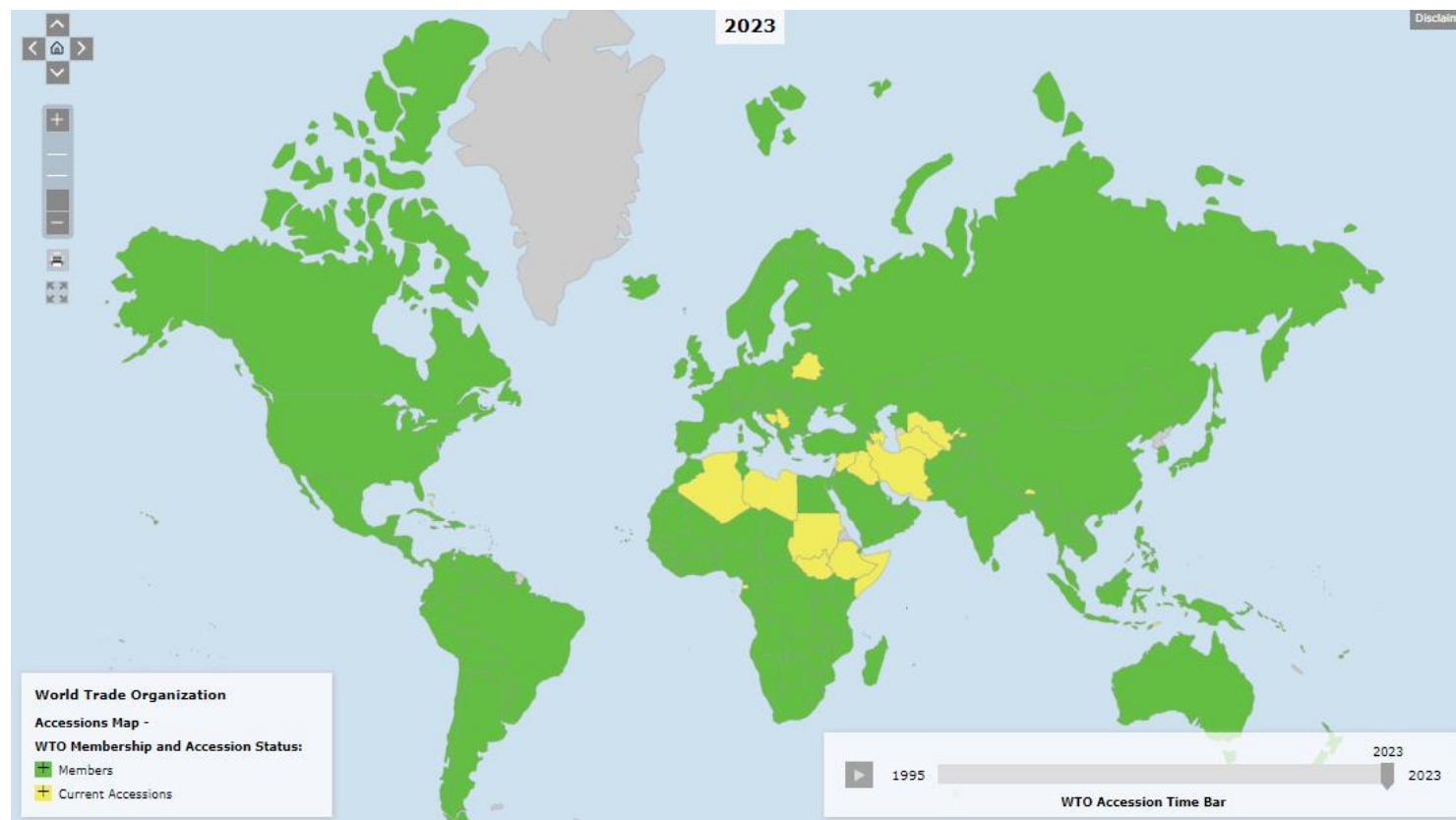
Asia-Pacific engagement in preferential trade agreements

347 PTAs (including 95 under negotiations) involve at least one AP economy, as of July 2023

Plurilateral PTAs signed and/or in force
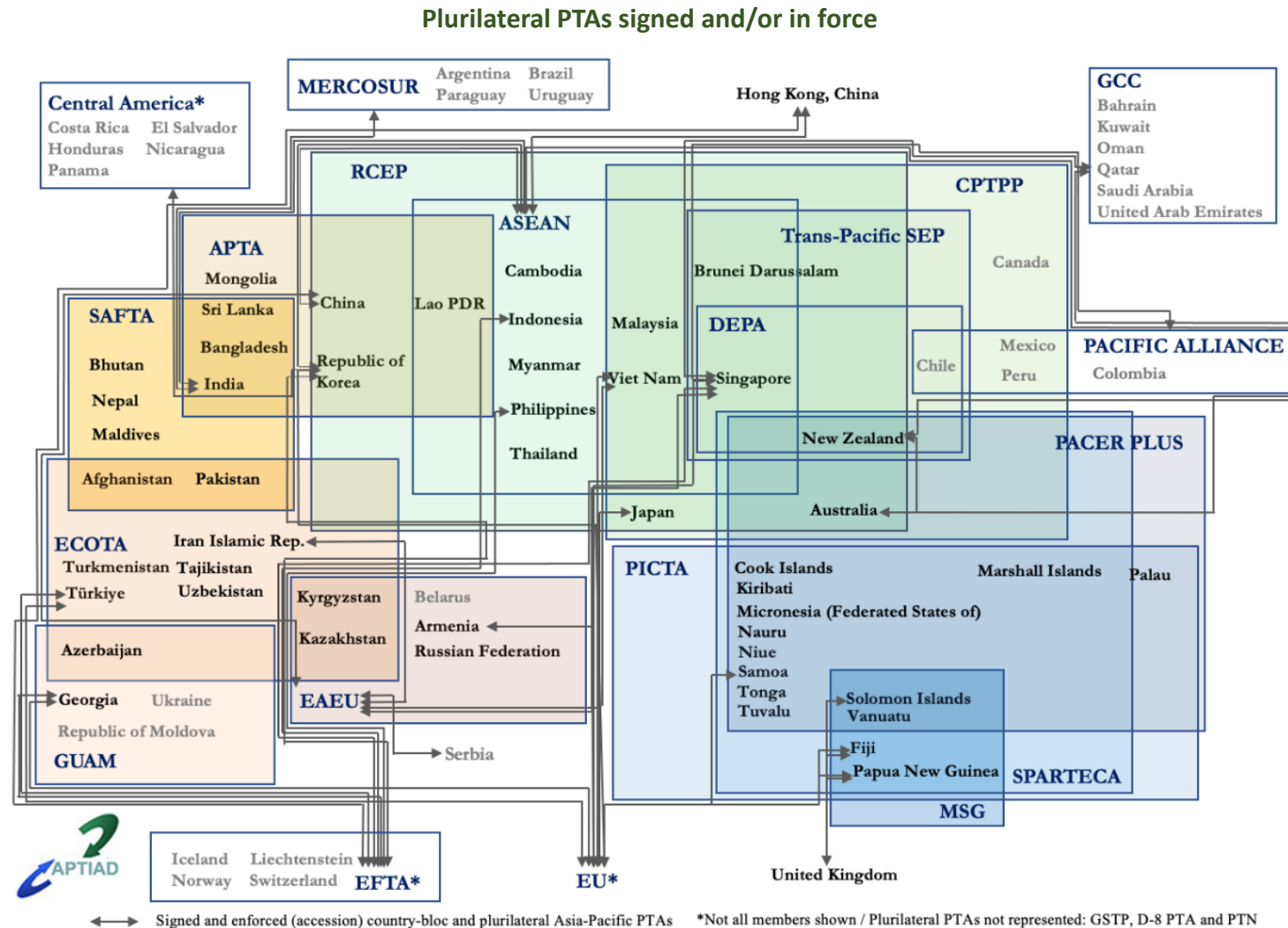
Source: Asia-Pacific Trade and Investment Agreement Database (APTIAD), Available at https://www.unescap.org/content/aptiad

ESCAP support on trade policy/negotiation

- **Virtual Trade Intelligence and Negotiation Adviser (TINA)**
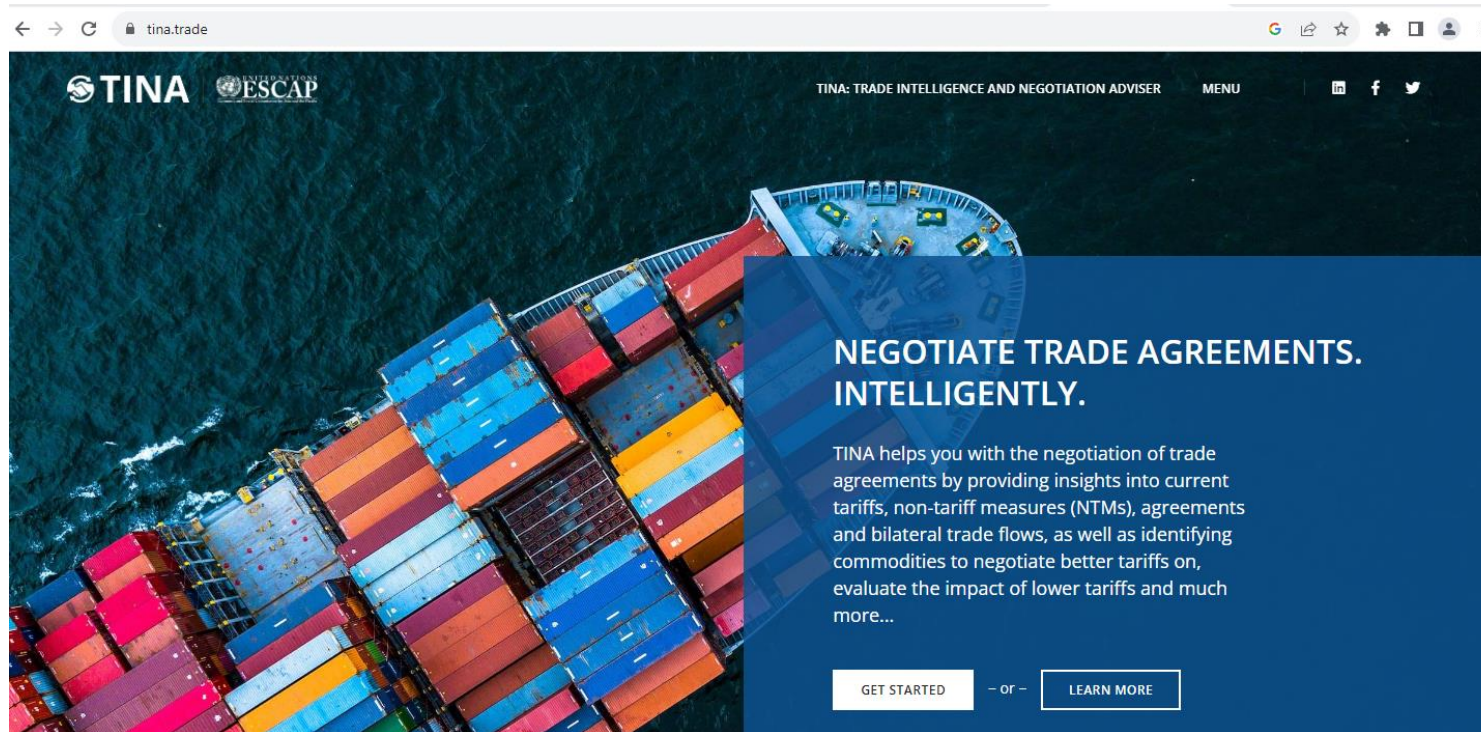
- **Courses and advisory services on trade policy/negotiation**
  - Including self-service online certificate courses

Concluding remarks

- **Strong evidence that soft infrastructure development is key to development of economic corridors and efficient use of transport infrastructure**

- **Enabling trade and transport policy and facilitation measures essential for traders to fully utilize the corridors being developed**

- **Regional cooperation in soft infrastructure required given the cross-border nature of corridors**

- **ESCAP provides trade and transport policy research, capacity building and dedicated intergovernmental mechanisms in support of efficient economic corridor development**

- **Sustainable development corridors the next frontier**

Annex – on ESCAP Transport infrastructure agreements

Asia-Pacific Regional transport infrastructure network

Towards **efficient and resilient transport and logistics networks and mobility for economic growth**

Towards **environmentally sustainable transport systems and services**

Towards **safe and inclusive transport and mobility**

❑ **The Agreements define the composition of the regional transport network, including 145,000 km of AH 32 countries; 118,000 km of TAR in 28 countries and approximatively 250 Dry Ports in 27 countries**

❑ The Agreements stipulate flexibly defined **minimum technical specifications and operational standards**

❑ **The overarching goal is an integrated intermodal regional transport system balancing efficiency and resilience with the increasing attention to environmental and social externalities**

Balancing infrastructure and operational concerns

Infrastructure connectivity

km

160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000

0.70
0.60
0.50
0.40
0.30
0.20
0.10

AH Average countries | North and Central Asia | Northeast Asia | South Asia | Southeast Asia | Southwest Asia | Landlocked countries

■ Asian Highway Total Length ● Asian Highway Routes Density

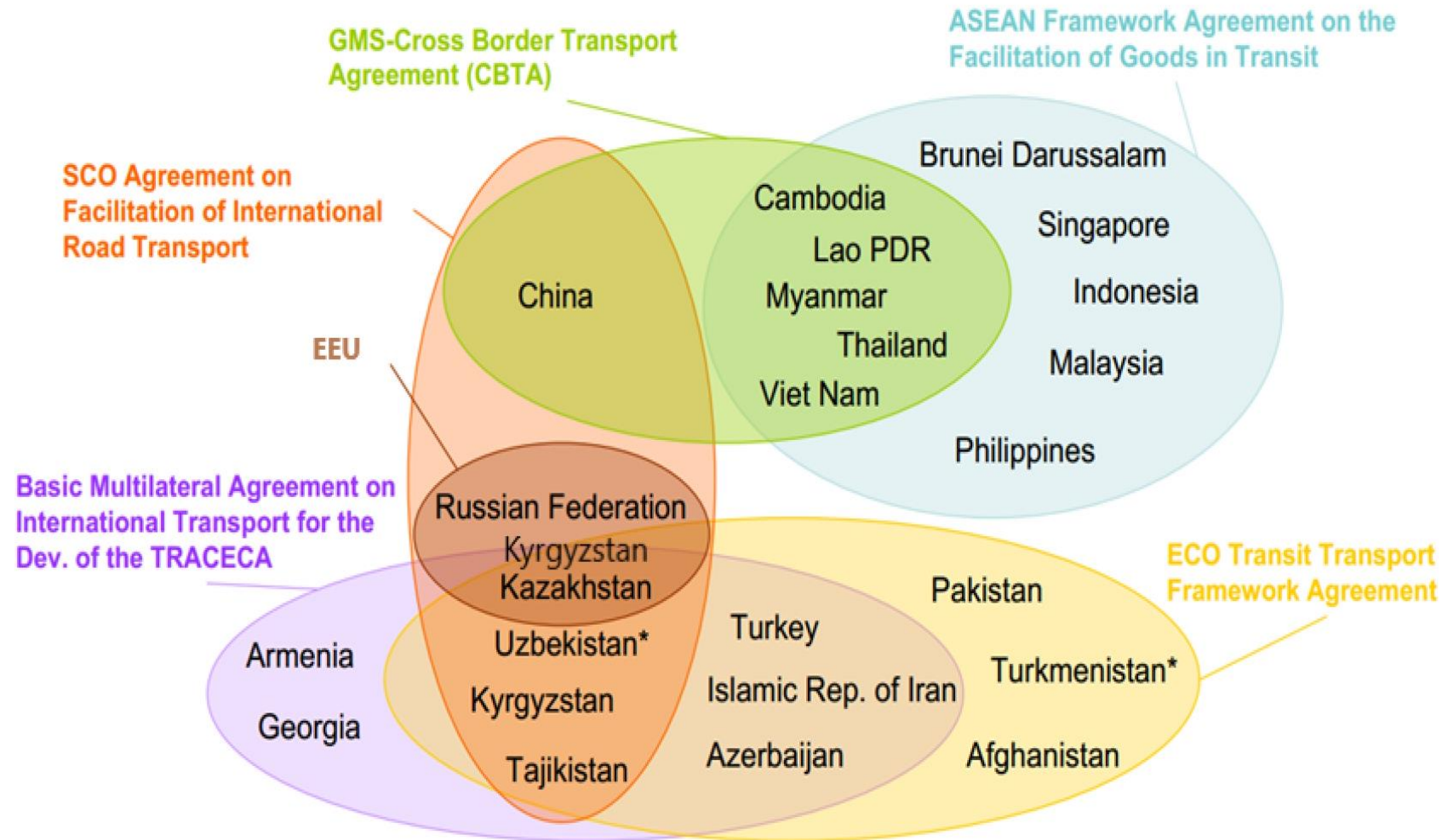|	0%	20%	40%	60%	80%	100%
Southwest Asia						
Southeast Asia						
South Asia						
Northeast Asia						
North and Central Asia						

■ Primary and Class I ■ Class-II ■ Class III ■ Below Class III

Railway Gauge of TAR Member countries:

Railway gauge of TAR member countries (mm)				
1,000	1,067	1,435	1,520	1,676
Bangladesh	*Indonesia*	China	Armenia	*Bangladesh*
Cambodia		Democratic People's Republic of Korea	Azerbaijan	*India*
Lao People's Democratic Republic		Republic of Korea	*Georgia*	*Nepal*
Malaysia		Islamic Republic of Iran	*Kazakhstan*	*Pakistan*
Myanmar		Turkey	*Kyrgyzstan*	*Sri Lanka*
Singapore			*Mongolia*	
Thailand			Russian Federation	
Viet Nam			Tajikistan	
			Turkmenistan	
			Uzbekistan	

Operational connectivity

- Road transport permits & traffic rights
- Vehicle weights & dimensions
- Vehicle registration & inspection certificates
- Coordination of regulatory controls and inspections at rail border-interchange stations
- Different legal regimes for railway transport contracts
- Standards for railway infrastructure, facilities and equipment

ESCAP
MOVING FORWARD TOGETHER

UNITED NATIONS
ESCAP
Economic and Social Commission for Asia and the Pacific

Multiple transport arrangements and agreements

Operationalization of the Kazakhstan-Turkmenistan-Islamic Republic of Iran (KTI) rail corridor

❑ 930 km Rail corridor, constructed at the cost of USD 1.4 billion and completed in 2014

❑ ESCAP/IsDB/ECO cooperation 2019-2021

❑ Issues addressed:
- ❑ physical and non-physical barriers along KTI corridor
- ❑ enhancing freight flows along KTI corridor
- ❑ Options for corridor management mechanism to support commercialization
- ❑ Marketing strategy for the KTI rail corridor

❑ Under the project the railway administrations of the three countries in November 2021, signed an MOU on the implementation of KTI rail freight corridor that was **facilitated by ESCAP and ECO.**

❑ The MOU establishes a Permanent Working Group (PWG) as corridor management mechanism to increase the collaboration among the stakeholders to attract freight to the corridor.

—— KTI railway corridor; —— ECO Rail route 4; —— CAREC DRC 603